



total impact

> Citizenship Report

“We define citizenship as our total impact
on society and the environment.”

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Reaching for a higher standard

As we pursue our purpose of being the global leader in nourishing people, we pay close attention to our role as a corporate citizen. How we do business shapes, in important ways, our relationships with employees, customers and the communities in which we do business.

Cargill defines citizenship as our **total impact** on society and the environment. That means citizenship includes ethical business practices, safe workplaces and products, treating employees with respect, protecting the environment and providing positive, measurable improvements in our communities.

Citizenship also means sustaining economic growth. Economic vitality and the employment it supports are important to the well-being of individuals and society. We cannot provide other benefits of good corporate citizenship if we are not viable as a business or if our people lack meaningful work. Further, we are in the vital business of producing food and other necessities of life. We help make the lives of others better by doing our business well.

Citizenship has long been part of Cargill's values and, increasingly, others' value judgments about us. Customers examine our business practices. Employees want to work for a principled organization. Neighbors expect us to respect the environment and improve our shared communities.

Cargill strives to be a leader in corporate citizenship. This report shows progress in that journey, as well as areas we intend to improve.



A handwritten signature in black ink that reads "Warren R. Staley".

Warren R. Staley – Chairman and Chief Executive Officer

Bearing Fruit

On the Indonesian island of Sumatra, Cargill produces palm oil, the cooking oil of choice in Asia, on a 67,000 acre Hindoli palm plantation. Since we acquired the plantation in 1995, it has become a living example of Cargill's approach to citizenship.

Providing Quality of Life for Employees Cargill owns one-third of the land and employs 2,400 people to tend palm trees, harvest the fruit and run a crushing mill. Our safety standards have nearly eliminated lost-time accidents. In this remote area, the company has built five employee housing developments – each with 125 houses complete with electricity, a filtered water system and a sewer system – and erected buildings for worship, health clinics and general stores.

“Our housing quality is better than the majority of houses in all of Sumatra,” says Al Tennessen, vice president and manager of Cargill's palm plantation business. “Employees are gaining a better quality of life, and Cargill benefits from attracting and retaining a better quality worker.”



Employee townships that include a store, recreation center, health clinic and place of worship are part of doing business at the Hindoli palm plantation. Cargill provides housing for employees that has set a new standard for the industry and helped attract employees from other palm plantations in the region.

Treating employees right makes good business sense. “If you have a migrating workforce where you are constantly training new employees, you do not develop the skills of the people you have,” says plantation operation manager Imran Shah.

“When you count spouses and children, our business affects the well-being of 40,000 to 50,000 people.”

John Hartmann – general manager, Indonesian palm plantations

Treating Farmers Like Customers About 8,500 independent farmers own the other two-thirds of the land on the Hindoli plantation. Cargill treats these farmers not as suppliers but as customers. Cargill provides farming advice to growers, helping them make a better living by increasing the supply of palm fruit they raise.

"You can see it on the farmers' faces," says plantation operation manager Imran Shah. "We pay them on time, and we are committed to them."

Aiding the Community In rural Indonesia, Cargill plays a role that government usually performs elsewhere. Our palm plantation business has built roads and classrooms, supplied schools with books, supplemented teachers' salaries and provided free medical care. We also sponsored cleft-palate surgery for eight local children.

"When you count spouses and children, our business affects the well-being of 40,000 to 50,000 people," says general manager John Hartmann.

people practices

community involvement



It is easy for this palm-farming family to see how their life has improved. The wooden house they used to live in is right next to their new brick house, built with the money they earned from supplying palm fruit to Cargill. Many of the 8,500 independent farmers who supply Cargill were part of Indonesia's "transmigration" movement. They were moved from other islands to Sumatra to work in the palm industry. Hard times came when more than 160 palm plantations failed. Cargill took over the struggling Hindoli plantation, which is now cited as a model of development by the Indonesian government.

Despite being a labor-intensive business with thousands of employees, the Hindoli plantation has one of the best safety records in Cargill. It has won awards for employee safety from the Indonesian government. Cargill prides itself on safety and has a single standard for safety world-wide. That means hard hats and hand and foot protection for palm fruit harvesters, even though such protective gear is not traditionally worn on Indonesian plantations.



Leading by Example on the Environment The palm industry faces difficult environmental challenges. Many early plantation companies burned the tropical forest to clear land, violating local environmental regulations.

Cargill acquired its Hindoli plantation decades after the area had been deforested. We are trying to manage this environmentally fragile area responsibly. We treat wastewater to a standard three times more stringent than limits set by the Indonesian government. We also use computer controlled boiler combustion to reduce smoke.

“Our goal is no pollution,” says Pieter Pottas, mill manager.

environmental stewardship



Cargill's palm plantation business has funded cleft palate surgery for a half dozen children in the community – employees' children but also children of people with no connection to Cargill. This mother and child came for a post-surgery checkup at the free clinic in one of the employee townships. “Living on the plantation, you know your neighbors, and it's a close, tight-knit community,” says John Hartmann, general manager.



To encourage community pride, Cargill housing managers present a monthly housekeeping award to a family. It is one of the ways that Cargill encourages a sense of pride and engagement. Cargill employees have such a great reputation that they are sought after by other palm plantations – a situation that encourages every plantation to improve working conditions.

The closest town to the Cargill plantation is Sungai Lili. Asked about the economic effect of the Cargill business, a shop owner replied, “Well, we used to live in wood houses, and now we have ones of block.” Land values in the little town are actually higher than in Palembang, a major city in Sumatra.



BUSINESS CONDUCT

Adhering to high standards in business conduct has been important to Cargill since its founding in 1865. Demonstrated by our leaders and expected from everyone in the organization, ethical behavior is so ingrained in our culture that employees associate Cargill foremost with integrity.

As a global, privately held company, we operate in a world of complex and sensitive issues. We recognize that our reputation hinges upon every employee making ethical decisions, every day. In all parts of the world, we are governed by Cargill's seven guiding principles.

“Their quest was to find a global, reliable and ethical company. I was told later on, what had impressed them most was our basic beliefs, guiding principles and our purpose to be the global leader in nourishing people.”

Andre Moriaud – vice president of the Mideast desk of Cargill's World Trading Unit in Geneva, recalling his presentation to government officials in Eritrea



Ethics Attracts Business The government of Eritrea first met Cargill as a buyer of its export crops. After drought withered yields to one-third of normal, this country saw Cargill as a desirable supplier to help replace the shortfall. Having the global resources to meet their needs was not enough: Eritrea wanted an ethical partner. We outlined our guiding principles, our purpose to be the global leader in nourishing people and our internal mechanisms to support those principles. Eritrea responded by making Cargill its exclusive supplier of grain and sugar.

Company Profile¹

Cargill is an international marketer, processor and distributor of agricultural, food, financial and industrial products. The company provides distinctive customer solutions in supply chain management, food applications, and health and nutrition.

- > \$59.9 billion in sales and other revenues
- > \$1.29 billion in earnings (includes one-time items)
- > 98,000 employees
- > 61 countries, 1,000 locations
- > Private, family owned since 1865

¹Fiscal year 2003

These principles serve as a foundation of shared values and expected behavior.

We believe that good ethics is good business. Employees feel proud to be part of an organization with integrity and a strong sense of purpose. Customers want to do business with a company that follows through on its promises. Communities want us there because we contribute positively to their quality of life.

Today, one of our greatest challenges is maintaining our values as we grow. Through acquisition and expansion, we add thousands of new employees around the world every year. We continue to educate our new employees that, at Cargill, we have one, constant belief: We will function as a good corporate citizen in every country where we are privileged to do business.



Bringing World Markets to Mexican Farmers Unable to reach pasta and couscous markets abroad, durum wheat farmers in the Mexican state of Sonora sold their high-quality crop as feed at a fraction of its value. Growers were wary of a big international company. So, in 1997, we began building trusting relationships with an association of farmer-owned cooperatives. We guaranteed prompt payment and shared information and financial risk. Five years later, Cargill is marketing 500,000 metric tons of durum from 1,600 farmers to higher value pasta and couscous makers and has formed a marketing joint venture with the association. We are now seeking to work with Mexican farmers on other opportunities.

Supporting Our Partners In Zimbabwe, Cargill encouraged small-scale farmers to increase production of cotton, a crop with a chance to grow in dry areas. But drought and rising production costs hurt growers' abilities to plant a crop. To support our partners and cultivate a world market for Zimbabwean cotton, Cargill provided farmers with bonuses to recognize their efforts and loyalty. We also joined with a bank to offer loans to as many as 10,000 farmers. Since few farmers have cash for seed, fertilizer and chemicals, the loans help them generate income and ensure a cotton crop for Cargill to process.



Striving for Supplier Diversity Many of our U.S. customers believe supplier diversity builds their business by demonstrating economic support for the communities they serve. They are asking us to build and document our network of women and minority-owned suppliers – like Rita Dumra, pictured above, whose company Diverse Maintenance Solutions provides more than \$300,000 worth of cleaning supplies to Cargill's headquarters. We have joined the National Minority Supplier Development Council and hired a director of supplier diversity to accelerate our efforts in this area.



Geographic Presence¹

North America 51,749 employees 26% of net worth	Latin America 15,426 employees 17% of net worth
Europe/Africa 15,511 employees 45% of net worth	Asia/Pacific 15,186 employees 12% of net worth

¹As of August, 2003

ENVIRONMENTAL STEWARDSHIP

Cargill believes in continuous improvement to protect the environment. Every year, we learn more, refine our systems and venture closer to our ideal of reducing our environmental footprint. This effort encompasses more than 90 business units, 1,000 facilities, 98,000 employees and a commitment to a global standard of environmental stewardship. We maintain one set of expectations for every part of Cargill, every country and each of our facilities.

We have intensified our efforts to increase efficiency and eliminate waste. Our 2005 corporate goal is to improve energy efficiency

“By forging this public-private partnership, I think we have found a creative way to put together a project that can benefit generations of Californians and, I hope, show a way of approaching large conservation projects in the future.”

California U.S. Senator Dianne Feinstein, talking about Cargill's decision to sell San Francisco Bay real estate for wetland preservation



Recycling Waste in Brazil Cargill Brazil has found opportunities to be a leader in environmental stewardship. At our citric acid plant in Uberlândia, the first anaerobic reactor in Latin America makes waste water pure enough to drink, and a pioneering device accelerates the biodegrading of solid wastes from 100 days to 70 hours. What was once waste now fertilizes orange plantations. At our soybean plant in Barreiras, we address deforestation concerns by stoking the boiler with rice husks and planting fast growing eucalyptus seedlings to provide a renewable supply of wood fuel.

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Waste Reduction

A corporate goal was established to reduce waste at the source by 30 percent between 1995 and 2000. 1996 figures were used as the baseline, and we achieved three years of

steady reduction and reached the goal in 1999.

The goal was revised to achieve a 30 percent reduction by 2005 using 2000 as the baseline.



by 10 percent and to reduce waste at the source by 30 percent from year 2000 levels. As a company, we have already achieved our energy efficiency goal, and we have reduced waste by 27 percent. In the Philippines, our copra crushing plant is recycling coconut shells as fuel, and our U.S. turkey business in Virginia is a partner in a plant that annually turns 55,000 tons of poultry waste into premium fertilizer.

As Cargill looks for ways to add value to its products, environmental responsibility is a prime way we can offer customers distinctive value. Consider something as simple as a candle. Cargill is marketing NatureWax™ brand candle wax made from soy and other vegetable oils. Not only do candles made with NatureWax material have performance advantages, they create far less soot than traditional petroleum-based waxes, improving indoor air quality.



Preserving Wetlands California's San Francisco Bay is home to Cargill Salt, where we are carrying on a 150-year-old local tradition of producing salt from sea water. When we discovered a way to shrink our operations by nearly two-thirds and still produce all the salt we needed, we were able to free up 16,500 of lush San Francisco Bay shoreline. We agreed to sell the property to the public for less than half of its appraised value and worked with a broad coalition of private and public partners to make it happen. We continue to share our expertise to help transform these former salt ponds into wetland habitats.

Growing Sustainable Alternatives Citizenship can include developing products that protect the environment. Consider NatureWorks™ PLA, the corn-based polymer from Cargill Dow. Renewable and biodegradable, PLA replaces petrochemicals in a growing array of applications – from fiberfill in bedding to packaging material for Sony Walkman tape players. Now, clothing and carpet bear the Ingeo™ brand, Cargill Dow's name for the first human-made fiber from 100 percent renewable resources. Besides tempering the world's appetite for petrochemicals, PLA production requires less energy and produces less carbon dioxide. We also are developing other eco-friendly products, such as industrial lubricants made from soybean oil.

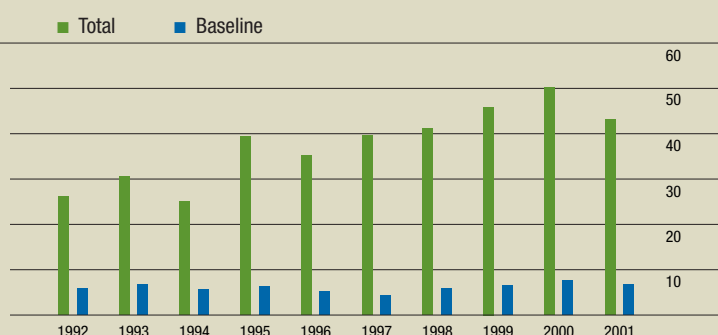


Managing Our Impact To be certified under ISO 14001, the international standard for environmental management, a plant must adopt procedures designed to minimize and improve environmental impact. North Star Steel stood in the vanguard of the mini-mill industry when every location gained ISO 14001 certification. Cargill facilities in Europe and Asia also have environmental management systems that are registered to comply with the ISO 14001 standard. They include our World Trading Unit in Port Klang and Kuantan, Malaysia; our Grain and Oilseed supply chain businesses in Barcelona, Spain, Brest, France and Liverpool, England; and our cocoa business in the Netherlands.

Chemical Releases Reported (millions of pounds)

Under the 1986 SARA Title III or Community Right-to-Know law, U.S. companies that manufacture, use or process certain hazardous materials must report how those materials are handled. Frequent changes in reporting requirements and acquisitions

and divestitures, however, make it difficult to make year-to-year comparisons of efforts to reduce releases and the use of hazardous materials. The baseline figures follow businesses that Cargill has owned and operated continuously since 1988.



Environmental stewardship is everyone's job at Cargill. Employee engagement in this area is critical to achieving business excellence. For example, our Memphis, Tenn., corn milling team in the United States came up with a way to sell fly ash for use as an absorbent for liquid wastes, an innovation that cut waste by 50 percent.

Our customers and our communities expect us to be stewards of the local environment as part of being a good supplier and good neighbor. In Fargo, N.D., our oilseed-processing plant uses methane biogas captured from the city landfill as a substitute for natural gas. This eliminates an odor problem and generates revenue for the city.



Conserving Water In the midst of a drought, the Excel beef facility in High River, Alberta, Canada, looked for and discovered new ways to conserve water. The plant reduced water pressures, boosted reuse of treated water and monitored use throughout the plant, making it possible to hold employees accountable for water volumes used during their shifts. By adopting these best practices, our beef facilities reduced annual water usage by 8 percent, or 350 million gallons. In addition, our beef business saved \$1.2 million on energy to heat and pump water and chemicals to treat water.

“DEP believes in being proactive in situations like this, where so many Florida residents would potentially be affected, and we are grateful to Cargill for acting so responsibly from an industry standpoint.”

David Struhs – secretary of Florida's Department of Environmental Protection (DEP), commenting on Cargill agreeing to process waste water from a competitor's abandoned fertilizer plant



Environmental Makeover Mulberry, Fla., in the United States, was home to a competitor's abandoned fertilizer plant that verged on environmental disaster. The state stepped in, realized it faced a \$20 million cleanup and asked Cargill for help. Cargill Crop Nutrition began treating 1.5 billion gallons of process water, rebuilt the sulfuric acid plant, and started the process of closing two phospho-gypsum stacks – 60- and 90-foot gray heaps that cover 300 acres. In coming years, Cargill will turn these piles into grassy knolls.

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Cargill Energy Efficiency

A corporate goal was established to reduce energy use by 10 percent between fiscal year 2001 and 2005. 2000 figures are used as the baseline.

■ Cargill energy use per \$1,000 of sales
■ Weighted gigajoules (GJ) per ton of production

